



WHAT IS STRATEGIC SOURCING?

Strategic sourcing is an approach where the buyer (California) analyzes what it's buying, what the market conditions are, and who can supply those goods or services. Then the buyer uses that information—plus innovative contracting techniques—to find the best values available in the marketplace. Goods and services that are bought by multiple agencies in large quantities are strong candidates for sourcing.

FREQUENTLY ASKED QUESTIONS

WHY IS THE STATE INTRODUCING STRATEGIC SOURCING NOW?

Strategic sourcing has been under study for several years. However, the State's current fiscal crisis created a sense of urgency to explore ways to save money. Regardless of California's fiscal needs, strategic sourcing has become a best practice in procurement management and makes good business sense for meeting the State's ongoing commitment to the taxpayers.

IS STRATEGIC SOURCING THE SAME AS "OUTSOURCING?"

No. The two terms are often confused but they have significantly different meanings. Strategic sourcing essentially means getting the best services and products for the best value. Outsourcing occurs when an organization transfers the performance of functions once administered in-house to other organizations that specialize in those functions (e.g., help desks, software programming, manufacturing, human resources, etc.) and are often located in another country.

HOW DOES STRATEGIC SOURCING CHANGE THE WAY THE STATE CURRENTLY CONDUCTS PURCHASING AND CONTRACTING ACTIVITIES?

New procurement and technology approaches will be introduced that have proven to provide savings to private and public sector organizations as well as benefits to suppliers. The State will become a smarter and more effective consumer under CSSI.

DOES STRATEGIC SOURCING CHANGE EXISTING CONTRACTS WITH THE STATE?

All existing purchasing activities will be reviewed for savings opportunities. CSSI has focused on a number of categories comprised of goods and services. Nine categories are being addressed in the first phase. Contracts for these categories of goods and services will most likely change.

WHAT IMPACT WILL STRATEGIC SOURCING HAVE ON STATE PURCHASING AND CONTRACTING PERSONNEL?

In similar sourcing projects, positive results and savings have helped elevate the value of the procurement organization. In addition, the exposure to strategic sourcing techniques has improved staff procurement skills.

WHAT IS THE COMMITMENT TO SB AND DVBE PROGRAMS?

California continues to maintain its commitment to SB and DVBEs programs. The State's specific approach to strategic sourcing keeps SB and DVBE program goals as an integral part of the project. A principal tenet of this program is to maintain existing participation levels.

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